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The President's Daily Brief

July 29, 1976

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LEBANON: *After consulting briefly with other Palestinian and leftist leaders in Beirut, Palestine Liberation Organization representative Qaddumi went back to Damascus yesterday for further talks on the draft agreement worked out with the Syrians.*

The leftist radio in Beirut said Qaddumi's delegation would convey the Palestinian leadership's agreement in principle to the draft accord. It added, however, that "certain details" still needed clarification, including a specific reference to the "Arab League resolutions."

It is not clear whether this refers to the recent watered-down resolutions that merely call for a cease-fire and the strengthening of Arab League security forces or to earlier resolutions that specifically call for the replacement of Syrian troops in Lebanon by League forces--a condition Damascus would find unacceptable.

The leftist radio in Beirut also quoted Libyan Prime Minister Jallud, who is in Damascus, as saying a final Syrian-Palestinian agreement had been reached and that PLO chief Arafat would go to Damascus soon for a meeting with President Asad. For its part, Damascus radio has been much more guarded in describing the talks. 25X1

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There was a general lull in military activity throughout Lebanon yesterday.

Only scattered artillery exchanges and sniper fire occurred along the traditional confrontation lines in Beirut. Christian forces also were said to be shelling Palestinian and leftist positions near Aynturah in central Lebanon.

ISRAEL: *The mood of self-confidence generated by the rescue raid in Uganda has strengthened public support for Tel Aviv's policy of non-intervention toward Lebanon.*

A senior Israeli Foreign Ministry official recently told a US embassy officer that the Entebbe operation has enabled his government to maintain its cautious, low-key policy toward Lebanon because now no one doubts Israel's ability or willingness to act forcefully should its interests be directly threatened.

The Israeli government reportedly is considering a new plan that would allow Lebanese Arabs living near the border to commute daily to work in Israel. The government also has recently helped facilitate three Red Cross air shipments

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of relief goods to Lebanon. Israeli Defense Minister Peres stated last week that these actions may mark the beginning of an era of "open bridges" across the Israeli-Lebanese border.

* * *

ITALY: *The committee presidencies gained by the Communists this week in the new parliament will substantially enhance the party's prestige and its influence in the legislative process.*

Following protracted negotiations among the major parties, the Communists received the presidencies of seven of parliament's 26 permanent committees--the first time that they have held top posts.

The Communists will chair the committees on constitutional affairs, finance and treasury, public works, and transportation in the chamber of deputies and will head the budget, agriculture and health committees in the senate. The finance and budget posts are probably their most significant assignments in view of the increasingly important influence parliament's economic committees have exerted on government programs.

One check on the Communists' new power results from the fact that every committee headed by a Communist is chaired by a Christian Democrat in the opposite house; the two houses of parliament have equal powers.

The Christian Democrats managed to keep sensitive political and security-related committees out of Communist hands.

The Christian Democrats received the foreign affairs committee in the chamber, and it is headed by a Socialist in the senate. The defense committees are headed by a Socialist and Social Democrat, while interior responsibilities are divided between the Christian Democrats and Republicans.

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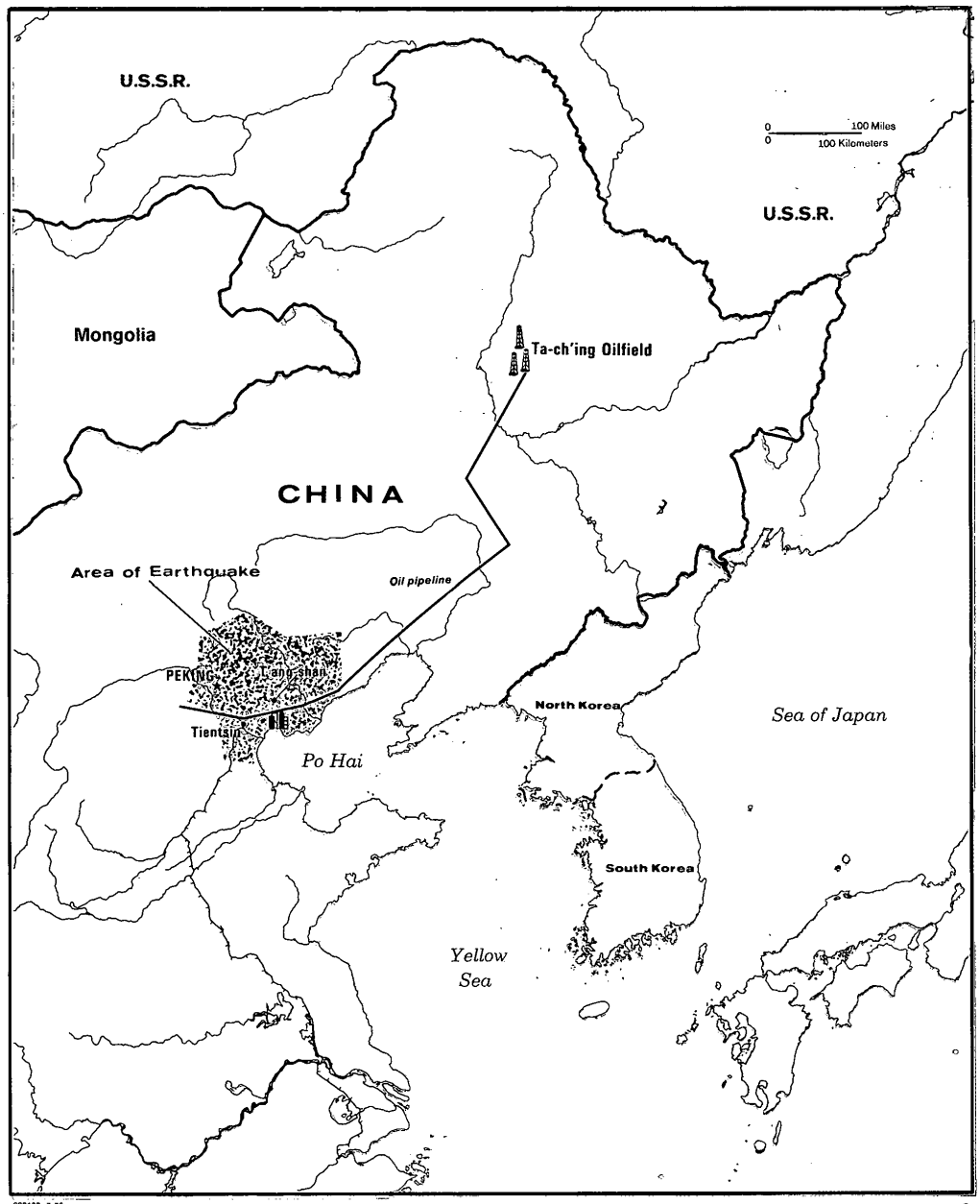

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The Communists obviously regard their new posts as a significant achievement. They will now be able to put their stamp on legislation more authoritatively and openly than in the past and will exploit their new role to promote the party's legitimacy. The committee assignments seem likely to lead to expanded collaboration between the Communists and Christian Democrats.

* * *

CHINA: *Yesterday's powerful earthquake occurred in one of the country's most heavily populated and industrialized areas.*

The potential for damage is great in Peking, Tientsin, and T'ang-shan, which were hit hard by numerous quakes. Although reports thus far have been sketchy, there apparently was massive destruction of houses in the important industrial and mining city of T'ang-shan.

In Peking, most people reportedly spent the night in makeshift shelters in the streets and in cleared areas. There were no signs of disorder and no indications that security measures have been increased.

According to press reports, a group of French survivors said T'ang-shan, which has a population of about 1 million, was in ruins. The Chinese Communist Party's Central Committee has acknowledged that the earthquakes have caused "great losses to people's lives and property."

The affected area includes industrial installations of all types that produce 10 percent of China's total industrial production. The most severe damage, however, would be to transport, power, and communications facilities. The petroleum pipeline from the Ta-ch'ing oil fields runs directly through the area.

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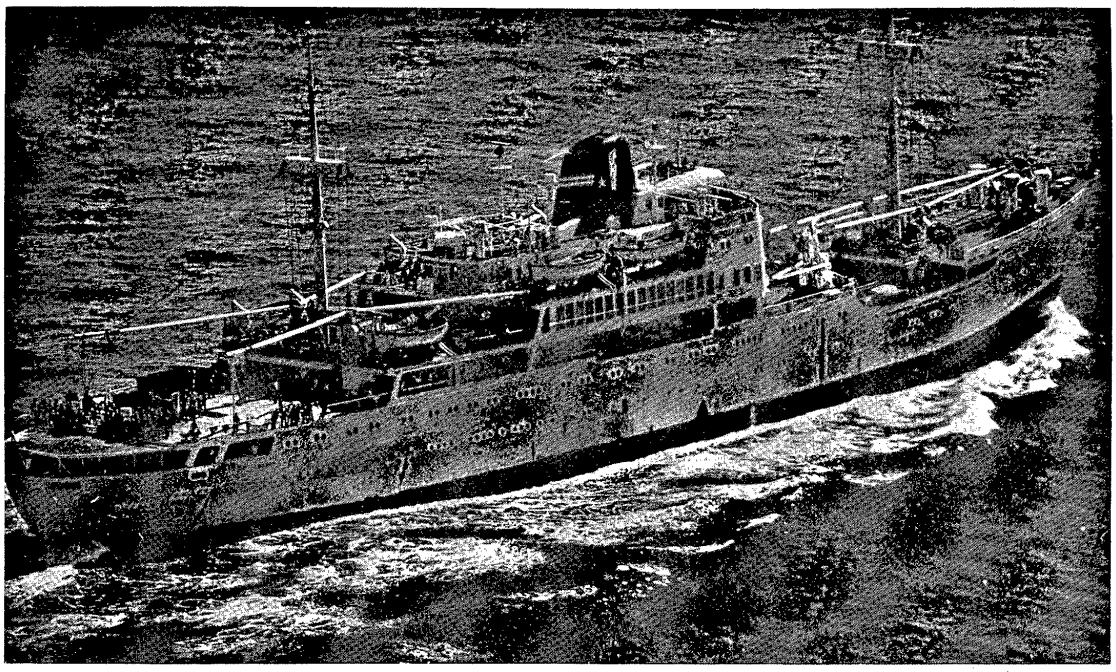

Photo taken from US aircraft of the Cuban troop ship Vietnam Heroico

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NOTES

The Cuban convoy of five ships that is returning from Angola entered the Caribbean on Monday, and is now probably northeast of Jamaica.

Two of the ships, the 20th Aniversario and possibly the Cerro Pelado, were due to arrive at the port of Santiago on Cuba's southern coast this morning. The rest of the convoy apparently is bound for Mariel and will arrive this weekend.

The number of troops on the ships could not be determined by low-level photography. Some 200 people were on the decks of the Vietnam Heroico, one of the two mixed passenger-cargo ships in the convoy; only crew members were seen on the other.

The three cargo ships were riding high in the water, indicating they were not fully laden and could have been carrying troops.

* * *

Nigeria apparently has begun to provide limited military aid to Angolan-based insurgents of the South-West Africa People's Organization (SWAPO).

[redacted] 25X1 two Nigerian air force C-130s arrived in Luanda on June 28 with an unidentified "special consignment" destined for SWAPO.

The Nigerians reportedly agreed in April to permit SWAPO to open an office in Nigeria. The present military government in Lagos, which sees itself destined to play a leading role in sub-Saharan Africa, believes that white minority rule in Namibia (South-West Africa) and Rhodesia can be ended only by force.

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ANNEX

FINLAND

Finnish President Urho K. Kekkonen, who begins an official visit to Washington on August 3, is one of the most durable European political leaders. At 76, he has served as President for more than 20 years, and nearly all Finnish political parties have already endorsed him for another six-year term after his current one expires in 1978.

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Foreign Affairs

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Although Finland is neutral, nearly all foreign policy decisions are first measured against their impact on relations with Moscow. Soviet-Finnish relations are based on the bilateral Agreement of Friendship, Cooperation, and Mutual Assistance signed in 1948. The Agreement was intended to convince Moscow of Helsinki's desire to establish a relationship based on trust and confidence after the bitter experiences of the previous decade.

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Helsinki has generally maintained a good balance in its foreign relations. Finland is an active member of the UN and its numerous specialized agencies and participates in UN peace-keeping activities on Cyprus and in the Middle East. Helsinki has hosted numerous East-West meetings, including the Conference on Security and Cooperation in Europe held one year ago.

Participation in Western organizations is balanced by Finland's special cooperation agreement with the Soviet-dominated Council of Economic Mutual Assistance, as well as by Helsinki's repeated promotion of various proposals favored by Moscow. Finland was a strong supporter of the Soviet proposal for a Conference on Security and Cooperation in Europe and for a nuclear-free zone in Scandinavia.

Domestic Politics

Despite the extraordinary record of stability in the presidency, Finland has averaged nearly one government a year since gaining independence in 1917. The present government is a five-party center-left coalition headed by Prime Minister Miettunen. It tried to resign last spring, but Kekkonen persuaded the disparate partners to continue the coalition.

One continuing issue is the Finnish Communists' role in the government. Despite an attempted coup by the Communists in 1948, several Finnish governments have found it expedient to encourage Communist participation. Communists have been members of four governments since 1948--including the current one--but ideological differences over whether party principles permit such participation has blunted their effectiveness.

The dispute which threatened the Miettunen government in May grew out of a refusal by the Communists to approve a government proposal to increase the sales tax. The compromise worked out by Kekkonen allowed the Communists to register their dissent while the other four coalition parties--who still commanded a majority in Parliament--approved the measure.

Kekkonen wants to keep the Communists in the government until a number of unpopular austerity measures

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are enacted. A new test of the coalition's cohesion will occur this fall when Parliament considers further restrictive economic policies.

Grim Economic Picture

Last year, a moderately strong demand for imports, coupled with depressed foreign markets for Finnish lumber and machinery, led to a record $2-billion trade deficit. Rising interest payments on the foreign debt pushed the services account into the red. Altogether, the current-account deficit nearly doubled to $2.1 billion, equal to about 8.5 percent of GNP.

Finland's deficit in trade with the US during the first five months of this year was about half the $178-million deficit recorded during the same period of 1975. For 1975 as a whole, Finland's trade deficit with the US reached $393 million, nearly one fifth of the total deficit. President Kekkonen, in his discussions with US officials, probably will point to this imbalance. The Finns are concerned, for example, that US quota restrictions on specialty steels will inhibit the exports of specialty steels that they hope to begin late this year.

Helsinki expects another year of no-growth in its economy as a result of the government's tightened monetary and fiscal policies. These are accompanied by limited wage and price controls. The curbs are opposed by labor, which has markedly stepped up strike activity.

With the government facing mounting difficulty in coping with the economy, 25X1

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